STUDENT PAPERS ■ 4

GENTRIFICATION: ASSESSING THE CAUSES AND EFFECTS

Jeffrey Kerr

WINNIPEG'S MUNICIPAL CONFLICT OF INTEREST GUIDELINES: PROBLEMS AND SOLUTIONS

Scott Paler

INSTITUTE of URBAN STUDIES

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GENTRIFICATION: ASSESSING THE CAUSES AND EFFECTS

Jeffrey Kerr*

At the close of the Second World War, the Canadian government found an innovative way to resolve two problems. By making large amounts of risk-free loan money available for mortgages, the government instigated a massive boom of housing starts.[1] This served to provide shelter for returning soldiers and the burgeoning population, as well as maintain the momentum gained by the economy during the war. As the supply of new houses rapidly increased, the older homes in already languishing inner-city districts were further devalued. This trend was to continue for the next twenty-five years following the Second World War. These deteriorating inner-city neighbourhoods gradually became the domain of lower income people. Thus it was that the market economy, however unintentionally, provided for the housing needs of some lower income people.

Since 1970, a reversal of this trend has been noted. The phenomenon of gentrification has become one of major concern on the Canadian urban landscape. Gentrification involves a change in the socioeconomic status of an area and the physical renovation of the shelter in an area.[2] Most facets of this issue have been foci of academic contention. Studies have attempted to identify who it is that gentrifies, what areas of cities are targets for gentrifiers, causes of gentrification, and the impact of gentrification. In addressing some of these questions, I will attempt to bridge some of the theoretical perspectives that have emerged in the literature on gentrification. In so doing, I hope to avoid the ideological biases which have limited the utility of many of these studies in assessing gentrification.

A common portrait of the typical gentrifier has emerged in the literature on the subject. Gentrifiers range in age from the mid-twenties to the mid-forties, and are single males or females or couples without children. The level of educational attainment of gentrifiers is usually high: most gentrifiers have earned a baccalaureate degree. The occupations of gentrifiers are predominantly in professional, technical and managerial categories, and their incomes are usually in the middle to upper-middle range.[3] In the past twenty years, significant numbers of gentrifiers have flocked to formerly depressed inner-city neighbourhoods, revitalizing the physical structure and profoundly altering the social structure of these communities. What factors have led to this phenomenon?

Several perspectives have emerged concerning the causes of gentrification. It is my contention that we must draw upon elements of all of these perspectives to fully understand the question; this is particularly important if we are to proceed to the subject of the impact of gentrification. Theories on the cause of gentrification may be grouped into three general categories: demographic theories,

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sociocultural theories and political-economic theories. Each contains elements useful to our discussion, though none are complete in and of themselves.

Demographic changes have frequently been cited as causes of gentrification.[4] The maturing baby boom generation placed tremendous demands on the housing market which were not adequately met by new housing construction. Associated with this growth in numbers has been a reduction in average household size: people of the baby boom generation have delayed marriage and childbearing. This has resulted in a large number of one- or two-member households, adding to the demand on the housing market. Finally, rising transportation costs and the increased distance of suburban housing from inner-city workplaces have prompted many to seek homes closer to the centre of the city. These factors, while useful, are only weakly supported by empirical studies and fail to provide a complete explanation.[5]

Sociocultural theories concentrate on values, attitudes, choices, and beliefs as explanations for gentrification. Proponents of this school of thought frequently cite a recent shift in values towards a more positive impression of inner-city diversity.[6] Dense urban communities are regarded as offering a more closely-knit sense of community and a cultural diversity unavailable in the blandly homogeneous suburbs. The formerly pejorative image of the inner-city has, at least in part, given way to a positive impression of urban life. Sociocultural theories do provide some insight, but fail fully to illuminate the problem, as will be demonstrated.

Political-economic theories of gentrification tend to be more comprehensive explanations than those discussed previously, digging to the deeper causal roots of the gentrification phenomenon. Theories in this category do not investigate motivations for gentrification on an individual level; rather, they examine the forces and trends in the market system which create conditions conducive to gentrification.

One of the more influential political-economic theories of gentrification is Neil Smith's rent-gap theory, a Marxist explanation of the phenomenon. Smith argues that, in the capitalist system, the house performs a dual function: it serves as a centre of consumption geared towards the reproduction of labour power, as well as a commodity produced and used as a source of profit for capital. This dual function gives housing a somewhat contradictory role under capitalism;[7] in the case of gentrification, the latter function prevails at the expense of the former, much to the detriment of working-class inhabitants of inner-city neighbourhoods.

The rent gap theory outlines stages in a devaluation cycle which pave the way for gentrification. First, the houses are constructed and undergo their "first cycle of use." Eventually, the buildings deteriorate to the point where it is cheaper for the owner to move than undertake the repairs

necessary to maintain the structure. At this point, the house is purchased by a landlord. Since the landlord's intent is to use the house as a means of producing profit rather than as a domicile, it is in his or her interest to spend as little as possible on the maintenance of the building; hence, the neighbourhood continues to deteriorate. Ultimately the area is "redlined" by financial institutions, meaning that these institutions refuse to lend money for investment in the area, perpetuating the cycle of decay. This cycle of decay leads to rents dropping far below the potential value that could be realised if the structures were well maintained. At this point, the area is primed for gentrification. The low price of properties makes them attractive due to their value, prompting an influx of investment into the neighbourhood by developers.

While a compelling theory, the rent gap thesis has not stood the test of empirical investigation. David Ley used statistical analysis to test the effectiveness of a number of independent variables in explaining gentrification. In his analysis, Ley found a positive correlation between rapid positive social status change in a neighbourhood and the level of rent in the area at the beginning of the study period. In other words, gentrifiers were not investing in the neighbourhoods with exceptionally low rent levels, as would be expected were the rent gap theory true.[8] This does not necessarily mean that we should discard Marxist theory in examining gentrification; as will be seen later, a modified version of Smith's theory does fit Ley's data.

The aforementioned study by David Ley highlights another point relevant to our discussion. The independent variables used in the study were selected as indicators of certain causes of gentrification. Ley's analysis revealed that certain elements of each of the theoretical perspectives which we have discussed are useful in determining the causes of gentrification. Practical economic causes, demographic factors, and quality of life indicators could all be correlated with gentrification. By drawing upon elements of more than one theory, I hope to elucidate a broader theoretical perspective. In so doing, the deeper causal forces and the social impact of gentrification may become clearer. In the pursuit of a more comprehensive theoretical perspective, I shall once again draw upon Marxist theory. The theory which I will outline, while similar in some respects to that of Neil Smith, differs from Smith's theory in one fundamental respect: the entrance of large-scale developers and the rapid acceleration of the gentrification process is preceded by one critical step. It is the absence of this step which causes Smith's analysis to be defeated under empirical scrutiny.

In this theory, the process leading up to gentrification, as described by Neil Smith, remains unchanged. The neighbourhood goes through the stages of the first cycle of use, landlord control, deterioration and redlining. It was at this point that Smith believed that the developer entered the picture, commencing large-scale gentrification. I would posit that a step has been missed here,

resulting in the discrepancy between Smith's theory and Ley's empirical analysis. This missing step can be filled by using Dennis Gale's stage theory of gentrification.[9] According to Gale, the previously mentioned demographic and sociocultural factors, combined with the low cost of the housing, attract various artistic groups, professionals and pre-professionals to the area. These people are typically nonconformist in their lifestyle and politics, and their income does not exceed that of incumbent residents by much. These newcomers are not concerned with the investment potential of the property; their entry into the neighbourhood is not deterred by the "risk" associated with investing in a depressed area. The physical improvements made by these individuals are gradual and small-scale, but do have the effect of slowly changing the character of the neighbourhood. As the neighbourhood improves aesthetically, and the diversity of its population increases, more affluent middle-class people may be inclined to take up residence in the area. Gradually, property values begin to rise. This form of small-scale, slow-paced gentrification is generally not socially disruptive; it does, however, create the potential for another stage in the gentrification process similar to that foreseen by Smith. At this point, property values have risen, and the property has become a more secure, stable investment. Being sensitive to risk-taking, large development companies remain out of the inner-city market until trends have become well established.[10] The increased stability of a neighbourhood in this phase may attract the attention of large-scale developers. Rapid revitalization and vast escalations of property prices may occur if this phase of gentrification is reached. Once a developer decides to invest in an area, the company usually undertakes an intensive strategic marketing campaign oriented towards a sophisticated, affluent urban market.

Once the gentrification process reaches this stage, its impact frequently becomes destructive. Although the problem is not yet one of massive proportions, its impact upon underprivileged people has been sufficient to raise the ire of many, as is reflected in Marxist analyses of the phenomenon. Developers often use unscrupulous methods artificially to escalate property values and drive incumbent residents away. In Vancouver's Kitsilano district during the mid 1970s, developers went so far as to use a motorcycle gang, a rock music band, and a religious sect to prime owners into moving. Other tactics included selling and reselling properties between holding companies to inflate the prices.[11] Although incumbent residents ostensibly are protected from such harassment by rent controls and eviction regulations, wealthy development corporations have myriad resources at their disposal with which they may convince or coerce residents to leave. With the removal of former residents, the investment potential of many older neighbourhoods is enormous. A pattern may be seen emerging here. Gentrification allows the affluent to accrue many benefits: the consumers of the product gain access to chic housing in character neighbourhoods, and developers reap massive profits. But what

of the negative side? Where do the displaced former residents go? How significant is the impact upon the underprivileged?

Assessing the extent and severity of the impact of gentrification is not easy. High mobility among lower income residents and the difficulty of tracing outmovers impedes measurement of the phenomenon.[12] Despite these difficulties, some disturbing trends are clearly emerging. In the opening passage of this paper, it was noted that the post-war suburban housing boom had the fortuitous side-effect of providing relatively inexpensive housing to lower income people. This trend appears now to be reversing, and gentrification is playing a significant role in this shift in the housing market.

Rising rents and evictions are forcing many tenants to leave their homes. Even owner-occupants may be forced to leave as a result of gentrification. Gentrification typically has the effect of raising the value of all homes in a neighbourhood, whether they have been renovated or not.[13] The associated increase in property taxes is often more than the homeowner can bear, resulting in involuntary displacement. The large influx of middle-income homeowners into a gentrified neighbourhood frequently results in a more strict enforcement of building codes, as the newcomers are likely to be concerned about the value of their property and the aesthetic appeal of the neighbourhood. Low-income homeowners, unable to finance needed repairs, may be compelled to vacate their homes. While the extent and severity of such displacement are debatable, one fact is incontrovertible. The poor, particularly minorities, the elderly, and female-headed households with children, make up a disproportionately large segment of those displaced by neighbourhood revitalization.[14] As is often the case in the free market system, the beneficiaries of gentrification are those who have the greatest financial resources to begin with, while those adversely affected are the ones least able to defend themselves from harm. When such low-income people are forced to relocate, their rent almost invariably increases. Although their new accommodation is frequently superior to the old, the increased cost is difficult to bear due to meagre financial resources. David Ley cites two Montreal studies of displacement following renovation. The findings are predictable: both studies reported that the evicted households tended to be older and poorer than the local population, and their rents increased an average of 20 percent in one study, and 40 percent in the other.[15] Increased costs of accommodation are not the only problems associated with displacement. The needs of poorer families are often location-specific, having formerly been served by services concentrated in their established, old neighbourhoods. The dependence of lower income people on public transit often makes their new homes unsuitable, since they are typically much farther away from the services required in daily life.[16]

The immediate problems of dislocation due to gentrification have garnered attention because they are highly visible and politically sensitive issues. There is, however, another facet to the issue of revitalization-induced displacement which may prove even more troubling in the future. This is the concern that gentrification is substantially reducing the supply of housing for low-income households.[17] Increasingly, we may be faced with situations where low-income households are not merely forced to move into more expensive housing, but simply have nowhere to go once displaced. Two factors have led to this growing concern. First, and most obviously, gentrification causes property values in neighbourhoods to rise far beyond the reach of lower income households. Second, gentrification typically involves a substantial decrease in the density of the affected neighbourhoods. Through the process of "deconversion," multiple-unit dwellings are converted back to single-dwelling units.[18] The result is that displaced people far outnumber those replacing them. It is becoming increasingly clear that the market system is not meeting the housing needs of lower income people. The construction of socially assisted housing is lagging far behind the ever-increasing demand in many Canadian cities.[19] Unless major reforms are undertaken soon, many Canadian cities will face a crisis of affordable housing.

Gentrification has some undeniably positive effects. There is no doubt that it improves the quality of inner-city housing stock and the aesthetic appeal of the urban landscape. This notwithstanding, it is also evident that these benefits are loudly expounded by the beneficiaries of gentrification while the plight of those adversely affected goes unnoticed. It is becoming increasingly clear that gentrification can have a devastating impact. Profit-oriented developers are tapping into a lucrative market of affluent consumers who seek unique housing in locations resplendent with the finest urban amenities. Often all that stands between these developers and massive profits is a very weak obstacle: the poor. Our society is often so consumed by the pursuit of wealth that human misery is ignored. The rules of the game must be modified so as to protect those who are unable to play on an equal footing with the rest. Restrictions on development must be instituted to prevent displacement of the poor due to rapid socio-economic changes in their neighbourhoods. Also, to mitigate the effects of displacement currently occurring, increased funding should be provided for the construction of socially assisted housing. In so doing, we may be able to enjoy the positive effects of gentrification while avoiding its potentially devastating impact.

NOTES

1. Christopher Leo, *Urban Development Corporations and the Evolution of the Local State: A Critical Reassessment* (Winnipeg: The University of Winnipeg, 1988), p. 5.

2. Karla Hilton, *Gentrification: Is the Gentrification Process Negative By Definition?* (Winnipeg: Institute of Urban Studies, 1991), p. 1.

3. Dennis Gale, *Neighbourhood Revitalization and the Post Industrial City* (Lexington: Lexington Books, 1984), p. 11.

4. Bruce London and J. John Palen, "Introduction: Some Theoretical and Practical Issues Regarding Inner-City Revitalization," in *Gentrification, Displacement and Neighbourhood Revitalization*, ed. Bruce London and J. John Palen (Albany: State University of New York Press, 1984), pp. 14-15.

5. David Ley, *Gentrification in Canadian Inner Cities* (Vancouver: University of British Columbia, 1985), p. 35.

6. Irving Allen, "The Ideology of Dense Neighbourhood Redevelopment," in *Gentrification, Displacement, and Neighbourhood Revitalization*, pp. 27-40.

7. Michele LeFaivre and Neil Smith, "A Class Analysis of Gentrification," in *Gentrification, Displacement, and Neighbourhood Revitalization*, p. 46.

8. Ley, *Gentrification*, p. 37.

9. Dennis Gale, "Middle Class Resettlement in Older Neighbourhoods," *Journal of the American Planning Association*, 45 (1979): 293-304.

10. Ley, *Gentrification*, p. 126.

11. Ibid., p. 136.

12. Kathryn Nelson, *Gentrification and Distressed Cities* (Madison: University of Wisconsin Press, 1988), p. 18.

13. Gale, *Neighbourhood Revitalization* p. 21.

14. Ibid., p. 36.

15. Ley, *Gentrification*, p. 146.

16. Gale, *Neighbourhood Revitalization*, p. 91.

17. Ibid., p. 68.

18. Ley, *Gentrification*, p. 150.

19. Ibid., p. 148.

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WINNIPEG'S MUNICIPAL CONFLICT OF INTEREST GUIDELINES: PROBLEMS AND SOLUTIONS

Scott Paler

The purpose of this paper is to examine what presently constitutes a "conflict of interest" for a municipal councillor in Winnipeg, and to document how, unfortunately, this definition has proven to be inadequate. Recently, a great deal of conflict has erupted over the conduct of several Winnipeg City Councillors. Questions have arisen as to whether their actions exhibited a tendency to put their personal interests ahead of the interests of the taxpayers who elected them. It is generally agreed upon by the media and public at large this is decidedly inappropriate behaviour for an elected official. Those whom we elect to public office are expected to represent their constituents' interests, free from any consideration of personal gain. This ethic has proven difficult to enforce externally, through specific directives and legislation, at every level of government. The practice of patronage and "looking out for your friends" is an entrenched part of federal and provincial party politics, and generally not interpreted as presenting a "conflict of interest." It is my main contention the framework of municipal decision making presents a unique opportunity for unscrupulous politicians to feather their own nests, and consequently requires a unique code of conduct for municipal councillors.

Currently, the Municipal Council Conflict of Interest guidelines state, "Where during any meeting there arises a matter in which a Councillor or any of his dependants has a direct or indirect pecuniary interest" the Councillor is required to disclose this interest and withdraw from the meeting without participating in discussion or voting, and refrain from attempting to influence the matter (section 5[1]). At first glance these guidelines appear to be adequate, bearing a striking similarity to statutes governing municipalities in other provinces, yet upon closer look they are sorely lacking. A number of cases prominently featured in the Winnipeg media have documented apparent conflicts of interest that have gone unsanctioned due to conforming to the letter of the law, but not the spirit of the legislation. On the other hand, the concern has been raised that if municipalities are to attract the most capable and qualified people to be Councillors, the restrictions on their personal business dealings should not be so cumbersome as to deter them from participating. Valid or not, this concern clearly stems from the value-laden assumption that the most competent City Councillors are culled from the business community. Clearly, a closer look at these guidelines is warranted.

What constitutes a "direct pecuniary interest" is relatively clear. The Municipal Council Conflict of Interest Act defines it as, "a fee, a commission, or other compensation paid or payable to any person for representing the interests of another person or a corporation, partnership, or organization in a matter" (section 1[1]). Accepting fees or gifts in return for representing a specific group's interests would obviously be extremely inappropriate.

Defining an "indirect pecuniary interest" can be more nebulous. If a Councillor or one of his/her dependants has over five percent interest in a company having a direct pecuniary interest in a matter before Council, this constitutes an indirect pecuniary interest. The Councillor is also deemed to have an indirect pecuniary interest if he/she is an employee, partner, guarantor or creditor of any person or corporation with a direct pecuniary interest in a matter before Council.[1]

It has become increasingly obvious that the aforementioned definition does not encompass all the scenarios which can present a true conflict of interest. More simply stated, a conflict of interest occurs under,

> any circumstance where the personal interest of the Council member in a matter before Council may prevent him, or appear to prevent him, from giving an unbiased decision with respect to such matter.[2]

Bridging the gap between the understanding that such conflicts should be avoided in municipal office, and enacting the necessary legislation to prohibit them, has been a difficult and evolving process.

Winnipeg's current Conflict of Interest Act, enacted in October of 1983, is shared by all municipalities in the Province of Manitoba.[3] Less than nine years later, the scope of this legislation has been found to be inadequate. Public outcry is being heeded by the establishment of a committee to examine the issue. A report by the Ontario Municipal Conflict of Interest committee to the Minister of Municipal Affairs was sparked by similar problems, and identified three major areas of concern which are shared by Manitoba's legislation. The major concerns identified in Ontario's guidelines concerned the definitions, the penalties, and the enforcement process.[4]

The definitions of "direct and indirect pecuniary interests" have simply not encompassed many of the situations which have arguably presented a conflict of interest. For example, a group of Winnipeg City Councillors who attended a meeting in a SkyDome hotel suite in August 1991 garnered some unfavourable attention when it was revealed Ellis Don Construction Ltd. had provided the suite used for the meeting, tickets to the baseball game, and "hospitality" including dinner.[5] The meeting was held to discuss the Manitoba Gardens arena proposal, a $60 million project requiring City Council's approval and the co-operation of Winnipeg Enterprises. Councillors involved argued there was no conflict, as there was no guarantee that Ellis Don would be awarded the construction contract if the Manitoba Gardens project was approved. There was little doubt in the minds of many people, including some of their fellow Councillors, that perks such as these are seen as an investment by firms such as Ellis Don. The adage, "if you can eat it or drink it, it ain't graft" may be true in the eyes of the law and some of our City Councillors, but it should be made explicit that any attempt to influence what should be an impartial decision based on the city's best interests is unacceptable.

Currently, the Municipal Conflict of Interest Act does not stipulate that accepting gifts is an unacceptable practice. The Act does require that any gift or gifts valued at more than $250 be disclosed in a statement to the clerk of the municipality. Yet Councillors still have no need to fear reproach for accepting gifts, regardless of their value, as these disclosure statements are held in strict confidence. Under no circumstances is the voting public made aware of any of the details included in their Councillors' statements disclosing assets and interests.[6]

These statements are filed each year by City Councillors in Winnipeg. Included are assets such as property or lease holdings in the municipality held by the Councillors or their dependants, companies where the Councillors or their dependants own five percent or more of the stock, the names of any persons or organizations that remunerate the Councillors or their dependants for services, holdings in investment funds and bank accounts, and the nature of any business the Councillors or their dependants may have with the municipality. The definition of dependants is limited to the spouse and the children residing in the home of the Councillor. The only way details of these disclosure statements can be revealed is if an individual submits details of a suspected violation of the Act. Under these circumstances the clerk of the municipality is to examine the relevant disclosure statement and inform the person in writing whether the statement reveals any asset or interest involved in the alleged violation.[7]

The obvious problem with a system such as this is that if a Councillor wanted to shroud his or her business interests, it would require a person with psychic powers to suspect Councillor A was the major shareholder in company B. Disclosure of this kind merely presents a minor deterrent to a cautious corrupt official. The clerk of the municipality is not required to act as a watchdog ensuring that Councillors conduct their businesses in an ethical manner.

A prime example of the potential for abuse inherent in the current conflict of interest disclosure provisions was the recent allegations levelled at Winnipeg Councillors Al Golden and Michael O'Shaughnessy. An RCMP investigation was required to determine whether the Councillors breached conflict of interest guidelines by their actions involving a variance application sought by Councillor Golden. The application involved was for approval of expansions to a local hotel which had initially been denied. This decision was eventually overturned by an Appeal Committee of which Councillor O'Shaughnessy was a member.

Councillor O'Shaughnessy's actions came under scrutiny when it was revealed he had accepted a $10,000 loan from a company called Provincial Drywall. Provincial Drywall is owned jointly by Councillor Golden's brother and a friend and business associate of Councillor Golden's named Brock Cordes. O'Shaughnessy denied any knowledge of a link between Provincial Drywall and Councillor

Golden, but it seemed suspicious that O'Shaughnessy would support Golden's successful appeal and attempt to speed up the final approval. The issue was further complicated by O'Shaughnessy's claim that he repaid the loan to Provincial Drywall, yet neither he nor the company provided any written documentation to support the claim.

Golden's role in the expansion bid also appeared questionable when he admitted that Brock Cordes, the president of Provincial Drywall, was the "quarterback" of the expansion project, organizing the group of investors who were going to provide financing. On the variance application, Golden represented himself as the owner of the Riverside Inn, yet he did not withdraw from the St. Boniface/St. Vital Community Committee meeting while the issue was being debated.[8] If Golden was the owner of the Inn, his participation in the meeting would have violated Section 5(1) of the Municipal Conflict of Interest Act. Whether or not Councillor Golden is indeed the owner of the Riverside Inn remains a matter of confusion, due to the private nature of the Councillor's disclosure statements. What is clear is that Councillor Golden either misrepresented his interests on the variance application, or he acted improperly at the Community Committee meeting. Neither explanation reflects well on the Councillor's integrity or competence.

Enforcement of Manitoba's Conflict of Interest Act is hindered by disclosure regulations. Councillors' assets and interests are not public knowledge, yet the onus is on the public to initiate action if the Act is violated. Currently, there is no agency responsible for monitoring the behaviour of Winnipeg City Councillors. If a violation is somehow uncovered, an elector is required to apply to a judge of the Court of Queen's Bench, who in turn reviews the complaint and determines guilt or innocence. The elector is also required to post the sum of $300 as "security" for the application. If the charges are deemed to be without merit, the judge can withhold some or all of the $300 to cover costs.[9]

If the judge determines that a Councillor has knowingly violated a section of the Conflict of Interest Act, the penalty is arbitrary. The Councillor's seat is declared vacant, and the Councillor may be ordered to pay restitution. This is the only penalty provision, and it is more severe than those that apply to federal and provincial legislators. This may be due to the fact that municipal Councillors are in a unique position to put money in their own pockets through decisions they make. While the penalty may have been created to act as a strong deterrent to unethical behaviour, its severity may lead judges to be reluctant to convict defendants if there is any element of doubt, or to rule that a violation occurred knowingly.[10] However, when compared with the judicial sanctions for convictions on fraud or theft charges, the maximum penalty of dismissal and restitution levied under the Conflict of Interest Act seems comparatively lenient.

Members of Parliament and Conflict of Interest, a green paper issued by the federal government in 1973, outlines two approaches toward the solution of conflicts of interest, the "principle of avoidance" and the "principle of disclosure." Although the principles are referring to guidelines for Members of Parliament, elements of both principles could well be applied to municipal councils.

The principle of avoidance argues that the best way to insure the integrity of our elected officials is for them to divest themselves of holdings or interests that could prejudice the decisions they are expected to make.[11] At the municipal level, provisions dictating avoidance would almost certainly deter many of the most competent people from considering running for office. This would be especially true for small municipalities where City Council and local business are almost always linked. In a larger municipality such as Winnipeg, however, I believe a compromise could be instituted. If Winnipeg were to make City Council a full-time job with compensation that was reasonable for the responsibility involved, it might be expected that Councillors would place their business interests and investments in trust for the period they are in office.

I suspect people would be more confident that the members of City Council were not acting in their own interests if they were full-time officials, rather than part-time Councillors and part-time developers, lawyers, businesspersons, etc. The electorate would likely appreciate honest, professional, adequately paid Councillors as opposed to lower-paid, self-interested or corrupt ones.

The practice of accepting gifts or hospitality from business interests who are courting City contracts may be in keeping with tradition in the private sector, but Council members must strive to avoid even the appearance of conflict of interest. Special considerations for civic politicians can only be interpreted as an attempt to win favour. Running municipal government in a businesslike manner, as some theorists suggest, does not require politicians to act like entrepreneurs, attending business lunches, dinners and ballgames.

For many municipalities, it may not be feasible to advocate a full-time City Council willing to divorce itself from local business. The principle of disclosure is a more widely applicable way of protecting the public from possible conflicts of interest by local politicians. Public awareness of Councillor's business holdings and interest would discourage questionable practices and foster public confidence that elected officials were acting in the interest of the city as a whole. Disclosures should also apply to the financing of election campaigns. Public concern that Councillors might have an unhealthy relationship with the development industry seemed justified in Ontario, when disclosure regulations revealed that some Metro Toronto candidates "received more than 70% of their campaign funding from developers."[12] Publishing lists of campaign donors would alleviate fears that Councillors were being unduly influenced by the people who make large donations to finance their campaigns.

Disclosure acts as a deterrent to conflicts of interest, and would also aid in establishing provisions for enforcement. The current system, requiring the public or an "elector" to pursue the matter in court, presents an unrealistic responsibility. The RCMP investigations of Councillors Golden and O'Shaughnessy did not uncover conclusive evidence to support charges being laid, and it was never made clear in the Act whether the Crown would have had the authority to pursue the charges had they been justified. It would appear that it is not their responsibility under current legislation. As discussed earlier in the paper, Manitoba's Conflict of Interest Act requires a signed application from a citizen-at-large—an "elector"—to initiate legal action. With appropriate disclosure regulations, the public, and especially the media would have the ability to provide scrutiny of a Councillor's actions. If evidence of any wrongdoing is uncovered, law enforcement officials should have the authority to press charges. The Conflict of Interest Act should enable the RCMP to enforce its regulations in the same manner as any other provincial by-law.

As a final recommendation, municipal councillors should be prevented from taking private sector jobs relating to their civic position for two years after vacating the post. This rule applies currently to provincial and federal politicians,[13] and should also be in place at the municipal level. Winnipeg Councillor Chris Lorenc was chastised by fellow Councillors when he accepted a job as director of a local contractors lobby group while still chairman of the Works and Operations committee. Many of the firms Lorenc will be paid to represent regularly bid for contracts awarded by the committee, although he argued no conflict existed. In part, Councillor Lorenc was right. Currently, the Conflict of Interest Act places no restrictions on him accepting any job except a civic position. The guidelines should be changed so that no current or recent City Councillor can use privileged knowledge or influence in dealing with the City as a member of the private sector.[14]

Conflict of interest legislation is vital to preserving the integrity of municipal councils. Incidents such as the ones described here cast doubts on the competence and honesty of Winnipeg's local government. An Angus Reid poll conducted in the summer and fall of 1991 found that residents of Winnipeg considered municipal governments and politicians one of the city's worst qualities, second only to the weather.[15] This is serious. Revisions to the Conflict of Interest Act could do much to restore people's confidence in City Councillors and municipal councils in general.

NOTES

1. The Municipal Council Conflict of Interest Act, Section 4(1).

2. Ian MacF. Rogers, "Municipal Conflict of Interest: The New Ontario Law," in *Political Corruption in Canada: Cases, Causes and Cures,* Kenneth Gibbons and Donald Rowat, eds. (Toronto: McLelland and Stewart, 1976), p. 252.

3. Province of Alberta, *Preliminary Report of the Conflict of Interest Advisory Committee* (April 1985), pp. 29-31.

4. Province of Ontario, Ministry of Municipal Affairs, *The Municipal Conflict of Interest Review: Report of the Municipal Conflict of Interest Consultation Committee* (July 1991), p. 3.

5. *Winnipeg Free Press*, October 11, 1991.

6. The Municipal Council Conflict of Interest Act, Section 13(1).

7. Ibid., Section 13(3).

8. *Winnipeg Free Press*, September 9, 20, 26 and October 2, 1991.

9. The Municipal Conflict of Interest Act, Section 20(1)(2).

10. Sypnowich, Marcia, "Promoting Ethical Behaviour for Municipal Councils," *Canadian Public Administration*, 34, 1 (1991): 146-52.

11. Canada Privy Council Office, "Members of Parliament and Conflict of Interest, A Green Paper," in *Political Corruption in Canada: Cases, Causes and Cures*, Kenneth Gibbons and Donald Rowat, eds. (Toronto: McLelland Stewart, 1973), pp. 176-78.

12. Sypnowich, "Promoting Ethical Behavior," pp. 149-50.

13. *Winnipeg Free Press*, October 5, 1991.

14. *Winnipeg Free Press*, October 5, October 8, 1991.

15. *Institute of Urban Studies Newsletter*, 37 (December 1991).

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_____."Angry Councillor Quits Chair." *Winnipeg Free Press,* October 8, 1991, p. 13.

_____."Councillor's Trip Peeves Peers." *Winnipeg Free Press,* October 11, 1991, p. 17.

_____."Golden Sparks Council Uproar." *Winnipeg Free Press,* September 26, 1991, p. 19.

_____."Lorenc Sparks Furor." *Winnipeg Free Press,* October 5, 1991, p. 14.

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